

ourCity's NOT for sale

September 2010

UNISON
Edinburgh

WORKING WITH THE COMMUNITY AGAINST CUTS AND PRIVATISATION

DEBT-RIDDEN PRICE-FIXING

COLLAPSE!

Failed Contractor Passed ABM Finance Check

For years Connaught has been one of the largest private contractors - fixing prices and feeding off lucrative contracts for public services. Now the Social Housing division has gone belly-up exposing service users to anxiety, delay and disruption as councils run around trying to salvage something from the wreckage.

The bizarre Edinburgh connection is that the while the Social Housing division was falling apart, Connaught were bidding for ABM privatisation work - and they passed the finance health check!

For those who follow the shadowy world of privatisation the collapse of this Connaught subsidiary does not come as a complete surprise.

In 2009 Connaught undercut Glasgow's controversial City Building LLP to win a major maintenance contract for Glasgow Housing Association. Having bid for the contract on the basis of respect for workers transfer rights, Connaught failed to provide a pension bond to guarantee the retirement benefits of transferring workers. They then abandoned the whole deal at the eleventh hour leaving hundreds of loyal public service workers standing in a car park - no longer employed by City Building and no longer transferring to Connaught.

Around the same time, the Office of Fair Trading was concluding its massive/

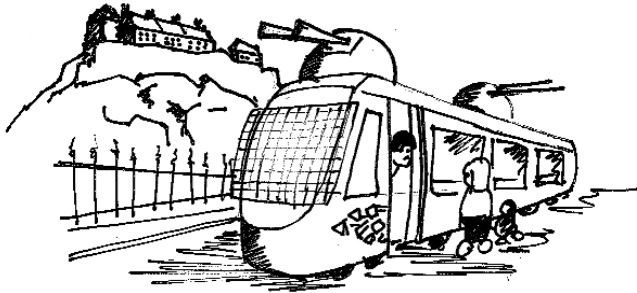


investigation into price fixing in public sector contracts. Connaught were caught in the trap and fined by the OFT.

Now that half the corporate structure has collapsed, it transpires that the financial reports from Connaught tended to conceal the crisis in the social housing division.

Against that background, Connaught applied for two of the privatisation projects at Edinburgh City Council - facilities management and environmental services. Although several illegal price fixing companies were shortlisted by the council in June, thankfully Connaught were not.

Despite lurching from the OFT investigation to a financial crisis engulfing its largest subsidiary, Connaught actually passed the finance check in the ABM privatisation programme. No financial alarms were triggered.



For the last time Mrs, this is the ABM Express to the Occupied Territories and we don't stop in Niddrie!

What does this tell us about privatisation in Edinburgh?

- It tells us that the collapse of private contractors puts public services at risk.
- It tells us that private contractors also put valuable jobs at risk – nearly half of the Connaught group workforce (4,500) now face unemployment.
- It tells us that many private companies are not fit to run vital public services. They fix prices and publish misleading financial data.
- And it tells us that privatisation processes such as Edinburgh's ABM programme have difficulty screening for financial instability at the PQQ stage.

The new, all-party scrutiny panel is an important step forward but it has its work cut out to ensure there are no more nasty surprises lurking in the ABM process.

SCRUTINY PANEL

UNISON strongly welcomes the administration's decision to set up an all-party scrutiny panel. It's a little bit late in the process but there is a chance that councillors will be able to lift the veil of secrecy which surrounds the ABMs.

There are some key questions which elected members might like to ask about scrutiny:

1. What is the remit of this group?
2. How frequently will it meet? December 16th is the key date in everyone's diary so we would expect a series of meetings between now and then.
3. Will the panel have unrestricted access to data such as the Gateway Review and the Eversheds Health Check?
4. Who will service this Scrutiny Panel? Would it not be wise to allocate expert staff from outwith the ABM privatisation programme team who might assist the scrutiny panel to pursue independent lines of enquiry?
5. Can members of the Scrutiny panel have the option of observer status at ABM programme board meetings?
6. Will the role of the scrutiny panel extend to include monitoring the in-house option to ensure it is ready for the options appraisal?

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**PUBLIC WORKS:
KEEP EDINBURGH PUBLIC!**

What's in a name?

Six months ago the In-house option was re-branded as the "Public Sector Comparator". An accurate if somewhat functional description of the council's award winning services.

Now we hear the spin doctors have joined the privatisation circus and re-branded the in-house bid as "ABM Internal". Any guesses for the next makeover – Balfour Beatty? Veolia? In UNISON language ABM means privatisation and we support the In-house option. It does exactly what it says on the tin.